

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – Second Regular Session

HOUSE AD HOC COMMITTEE ON GOLD BONDS

Report of Interim Meeting
Monday, December 12th, 2016
House Hearing Room 4 -- 1:00 P.M

MINUTES RECEIVED
CHIEF CLERK'S OFFICE

12/29/16

Convened 1:12 P.M.

Recessed

Reconvened

Adjourned 2:11 P.M.

Members Present

Mr. Joe Cobb
Mr. Larry Hilton
Mr. Keith Wiener
Re Mark Finchem, Chairman

Members Absent

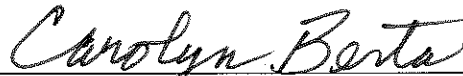
Mr. William Stan Ackroyd
Rep Diego Espinoza
Ms. Peggy Smoot

Agenda

Original Agenda – Attachment 1

Presentations

<u>Name</u>	<u>Organization</u>	<u>Attachments (Handouts)</u>
Larry Hilton		2
Attendance		3



Carolyn Berta, Chairman Assistant
December 29th, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

REVISED - 12/12/16

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1:12pm ADJ
2:11pm CONV.

Interim agendas can be obtained via the Internet at <http://www.azleg.gov/Interim-Committees>

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE OPEN TO THE PUBLIC

HOUSE AD HOC COMMITTEE ON GOLD BONDS

Date: Monday, December 12, 2016

Time: 01:00 P.M.

Place: HHR 4

AGENDA

1. Call to Order
2. Presentation:
Mr. Larry Hilton, 2017 Proposed Legislation
3. Discussion on Proposed Legislation
4. Public Testimony
5. Adjourn

Members:

Representative Mark Finchem, Chairman
Representative Diego Espinoza
→ Representative Jay Lawrence
→ Representative Darin Mitchell
William Stan Ackroyd

Joe Cobb
Larry Hilton
Peggy Smoot
Dr. Keith Weiner

42/8/16
12/12/16
DF
JY

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

Be it enacted by the Legislature of the State of Arizona:

SECTION I.

Arizona Revised Statutes, Title 1 (General Provisions), Chapter 1 (Arizona Revised Statutes), Article 1 (In General) is amended by adding the following section:

§ 1-108. LEGAL TENDER.

A. AS USED IN THE ARIZONA REVISED STATUTES, THE FOLLOWING WORDS AND PHRASES HAVE THE FOLLOWING MEANINGS:

1. "GOLD DOLLAR" MEANS SPECIE LEGAL TENDER HAVING PRIMARILY GOLD CONTENT, INCLUDING BUT NOT LIMITED TO ONE FIFTIETH OF A UNITED STATES AMERICAN EAGLE (22 KARAT) OR AMERICAN BUFFALO (24 KARAT) COIN, HAVING ONE TROY OUNCE OF FINE GOLD CONTENT AND A "50 DOLLAR" NOMINAL FACE VALUE, AS DESCRIBED IN 31 UNITED STATES CODE ANNOTATED (USCA) §§ 5112(A)(7), (A)(11), (I)(1) & (Q).
2. "LEGAL TENDER" MEANS A MEDIUM OF EXCHANGE AUTHORIZED FOR THE PAYMENT OF DEBTS, PUBLIC CHARGES, TAXES, AND DUES WITHIN THE UNITED STATES OF AMERICA.
3. "PAPER DOLLAR" MEANS LEGAL TENDER HAVING NEITHER GOLD NOR SILVER CONTENT, INCLUDING BUT NOT LIMITED TO FEDERAL RESERVE NOTES AND CIRCULATING NOTES OF FEDERAL RESERVE BANKS AND NATIONAL BANKS, AS WELL AS BASE METAL COINAGE MINTED BY THE UNITED STATES TREASURY.
4. "SILVER DOLLAR" MEANS SPECIE LEGAL TENDER HAVING PRIMARILY SILVER CONTENT, INCLUDING BUT NOT LIMITED TO UNITED STATES AMERICAN LIBERTY COIN, HAVING ONE TROY OUNCE OF FINE SILVER CONTENT AND A "ONE DOLLAR" NOMINAL FACE VALUE, AS DESCRIBED IN 31 USCA §§ 5112(E).
5. "SPECIE" MEANS COIN OR BULLION HAVING GOLD OR SILVER CONTENT, EXCEPT A NUMISMATIC COIN WITH A FAIR MARKET VALUE THAT IS AT LEAST FIFTY PERCENT GREATER THAN THE VALUE OF THE METAL IT CONTAINS.

B. THE EXCHANGE OF ONE FORM OF LEGAL TENDER FOR ANOTHER OR FOR SPECIE SHALL NOT GIVE RISE TO ANY TAX LIABILITY.

C. AT LEAST 60 DAYS PRIOR TO THE END OF ANY APPLICABLE FISCAL OR CALENDAR TAX YEAR, ANY TAXPAYER OBLIGATED TO REMIT TAXES PURSUANT TO THE PROVISIONS OF TITLE 42 OR TITLE 43 MAY DECLARE

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ITS FUNCTIONAL CURRENCY TO BE THE GOLD DOLLAR, THE SILVER DOLLAR OR THE PAPER DOLLAR. ABSENT ANY SUCH ELECTION, THE TAXPAYER'S FUNCTIONAL CURRENCY SHALL BE PRESUMED TO BE THE PAPER DOLLAR. ONCE MADE, THE ELECTION MAY NOT BE REVOKED FOR A PERIOD OF 5 YEARS.

- D. SPECIE LEGAL TENDER TAX REMITTANCES SHALL BE CONDUCTED THROUGH A TRUST COMPANY AUTHORIZED TO DO BUSINESS WITHIN THE STATE, WHICH SHALL INSURE ALL SPECIE HOLDINGS AGAINST LOSS OR DAMAGE; HOWEVER, NO FEDERAL CREDIT INSURANCE SHALL BE REQUIRED FOR SUCH HOLDINGS.
- E. TRANSLATIONS OF NON-FUNCTIONAL CURRENCY INTO A TAXPAYER'S FUNCTIONAL CURRENCY SHALL BE PERFORMED USING THE AVERAGE RELEVANT LONDON BULLION MARKET ASSOCIATION DAILY FIXING PRICE FOR THE TAX PERIOD IN QUESTION PLUS A 6% PREMIUM FOR GOLD DOLLARS OR A .15% PREMIUM FOR SILVER DOLLARS.
- F. ANY AMOUNT SET FORTH IN STATUTE OR REGULATION AS A SPECIFIED DOLLAR AMOUNT SHALL BE PRESUMED TO BE DENOMINATED IN PAPER DOLLARS AND SHALL BE TRANSLATED, AS NEEDED, INTO A TAXPAYER'S FUNCTIONAL CURRENCY USING THE METHOD SPECIFIED IN SUBSECTION E OF THIS SECTION.

SECTION II

Arizona Revised Statutes, Title 35 (Public Finances), Chapter 3 (Public Indebtedness), Article 2 (State Indebtedness Bonds) is amended by adding section 432 as follows:

§ 35-432. SURRENDER OF STATE INDEBTEDNESS BONDS FOR SPECIE LEGAL TENDER BONDS; NOTICE; RECORD OF BONDS SURRENDER; DEFINITIONS

- A. THE STATE TREASURER IS AUTHORIZED TO ISSUE STATE SPECIE LEGAL TENDER BONDS DENOMINATED AND PAYABLE IN GOLD DOLLARS OR SILVER DOLLARS FOR THE PURPOSE OF RETIRING OUTSTANDING STATE INDEBTEDNESS BONDS DENOMINATED AND PAYABLE IN PAPER DOLLARS TO THE FULL EXTENT OF REASONABLY ANTICIPATED SPECIE LEGAL TENDER TAX COLLECTIONS.
- B. THE STATE TREASURER SHALL ADVERTISE, IN THE SAME MANNER AS REQUIRED FOR BIDS FOR THE SALE OF STATE INDEBTEDNESS BONDS, STATING THE TERMS OF SURRENDER OF STATE INDEBTEDNESS BONDS FOR STATE SPECIE LEGAL TENDER BONDS, INCLUDING THE AMOUNT OFFERED, BOND EXCHANGE RATE, INTEREST RATE, MATURITY DATE, AND AMOUNT PAYABLE AT MATURITY. THE ADVERTISEMENT SHALL IDENTIFY EACH OF

THE BONDS ELIGIBLE FOR SURRENDER, NAMING THEM BY NUMBER IN THE ORDER OF THEIR ISSUANCE.

- C. A COPY OF SUCH ADVERTISEMENT SHALL BE MAILED TO EACH BANK OR TRUST COMPANY AT WHICH THE INTEREST ON THE BONDS IS PAYABLE. IF THE BONDS NUMBERED IN THE ADVERTISEMENTS ARE NOT PRESENTED FOR SURRENDER AT THE EXPIRATION OF SUCH PUBLICATION, THE BONDS SHALL REMAIN IN THE TREASURY FOR SUBSEQUENT OFFERING AT NEW TERMS BASED UPON THEN PREVAILING MARKET CONDITIONS. SUCH BONDS SHALL DRAW NO INTEREST AFTER EXPIRATION OF THE PUBLICATION.
- D. BEFORE ISSUANCE OF STATE SPECIE LEGAL TENDER BONDS, THE SURRENDERED STATE INDEBTEDNESS BONDS SHALL BE PRESENTED TO THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION, WHO SHALL ENDORSE ON EACH BOND THE AMOUNT OF STATE SPECIE LEGAL TENDER BONDS EXCHANGED THEREFOR, AND SHALL WRITE ACROSS THE FACE OF EACH BOND THE DATE OF ITS SURRENDER AND THE NAME OF THE PERSON SURRENDERING THE BOND.
- E. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL KEEP A RECORD OF ALL STATE SPECIE LEGAL TENDER BONDS ISSUED AND DISPOSED OF BY THE STATE TREASURER, SHOWING FOR EACH BOND THE NUMBER, RATE OF INTEREST, DATE, AMOUNT OF SALE, WHEN, WHERE AND TO WHOM PAYABLE, AND IF EXCHANGED, FOR WHAT, AND WHEN PRESENTED FOR REDEMPTION THE DATE, AMOUNT DUE THEREON, AND PERSON SURRENDERING.

ARIZONA STATE LEGISLATURE
Fifty-second Legislature - Second Regular Session

INTERIM COMMITTEE ATTENDANCE RECORD

COMMITTEE ON House Ad Hoc Committee On Gold Bonds

CHAIRMAN: Rep Mark Finchem VICE-CHAIRMAN: _____

DATE	12/12/16	/16	/16	/16	/16
CONVENED	1:12 pm	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	2:11pm				
MEMBERS					
Mr. William Ackroyd	✓				
Mr. Joe Cobb	✓				
Rep Diego Espinoza	—				
Mr. Larry Hilton	✓				
Ms. Peggy Smoot	—				
Mr. Keith Weiner	✓				
Rep Mark Finchem, Chairman	✓				

✓

Present

Absent

exc

Excused